



COMMONWEALTH of VIRGINIA

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COMPTROLLER

Office of the Comptroller

February 1, 2003

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MEMORANDUM

TO: Fiscal Officers of State Agencies and Institutions

FROM: Lewis R. McCabe Jr., Manager
General Accounting
Department of Accounts

Kristin A. Reiter, Director
Operations Division
Department of the Treasury

SUBJECT: CARS Suspense Account for Payroll Stop Payments

Introduction

Effective **March 1, 2003**, the Department of the Treasury (Treasury), in conjunction with the Department of Accounts (DOA), will implement new procedures through the Commonwealth Accounting and Reporting System (CARS) to—

- account for stop payments placed on payroll checks (including third party payroll checks) and
- reissue replacement checks relating to these stop payments.

A new general ledger account, **GLA 563—Payroll Stop Pay Clearing**, has been established in CARS to function as a suspense account dedicated solely to account for payroll stop payments. **This does not change the payroll VOID check process handled through CIPPS nor does it impact direct deposit.**

Purpose

The new procedures are implemented to—

- allow agencies greater control over the issuance of replacement checks,
- provide added information to agencies related to the issuance of replacement checks; and,
- reduce manual stop payment processing by the Department of the Treasury and the Department of Accounts.

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**New Stop
Payment
Process**

The following illustrates the new Stop Payment process to—

- account for stop payments placed on payroll checks (including third party payroll checks) and
- reissue replacement checks relating to these stop payments.

Stage	Who	Description
1	Employee	Contacts Agency about status of a payroll check or to request a replacement check due to original's destruction.
2	Agency	Contacts Treasury to verify the check's status.
3	Agency	Completes Treasury's stop payment request form when the check status is outstanding so that Treasury can place stop payment on the check.
4	Treasury	Places and verifies the stop payment using the Commonwealth's disbursement bank's online system.
5	Treasury	<p>Processes stop-payment DCs into CARS daily based upon the stop payment forms received from Agencies.</p> <p>Keys and releases a CARS Deposit Certificate (Batch Type 7) containing one line entry per stop payment to debit agency cash equal to the stop payment via Trans Code 095.</p> <p>Transaction Code 095 Debits <u>GLA 101, Cash with the Treasurer of Virginia</u> and Credits <u>GLA 563, Payroll Stop Pay Clearing</u> for the amount of the stop payment in <u>Fund 0100</u></p> <p>CARS Reports' References</p> <ul style="list-style-type: none"> • Check Number for the stopped check and • Employee Name <p>will be referenced in the CUR-DOC and INV-DESCRIPTION fields on the weekly ACTR0401 CARS reports and the monthly CARS reports.</p>
6	Agency	<p>Receives E-mail notifications from Treasury that the stop payment transactions are completed.</p> <p>An E-mail notification sent by Treasury to the Fiscal Officer at each agency placing the stop payment provides—</p> <ul style="list-style-type: none"> • Check number stopped, • Check date, • Payee name, and • Amount credited to <u>GLA 563, Payroll Stop Pay Clearing</u>.

NOTE: If you wish the E-mail notification to go to an address other than Fiscal Officer, notify Treasury's Manager of Bank Reconciliation, Debbi Seitz, at Debbi.Seitz@trs.state.va.us by **February 18, 2003**.

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Stage	Who	Description
7	Agency	<p>Generates a replacement check through the normal, general warrant (vendor) check issuance process <u>after</u> receipt of the E-mail notification from Treasury. You will use—</p> <p>CARS Transaction Code 467 and Fund 0100 Debits GLA 563, Payroll Stop Pay Clearing Credits GLA 101, Cash with the Treasurer of Virginia</p> <p>If you need to pick up the check from Treasury, it must be processed as an X batch, using normal X batch procedures.</p>
8	Employee	<p>Receives the replacement check in the U. S. mail—the same way as a general warrant (vendor) check is routed and without manual intervention by Treasury.</p>

Suspense Account Clearing

It is each agency's responsibility to clear the suspense account as transactions post to it by issuing a check to replace the one that was stopped. Similar to other general ledger suspense accounts in CARS, agencies must identify the nature of any balance remaining in this suspense account at fiscal year end.

Additional Documentation to Employee

If an agency wishes to provide additional documentation (other than the replacement check itself) relating to a stop payment and the re-issuance of a replacement check to employees, it will be each agency's responsibility to do so.

Internal Control

As with all accounting processes performed by agencies, it is the responsibility of each agency to ensure adequate internal controls are in place to monitor and process stop payment transactions.

Contacts

Questions concerning this memorandum can be addressed to the following:

Treasury

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DOA

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Copy: Auditor of Public Accounts
 Treasury Internal Audit
 Karen Robinson, State Payroll Manager